## REVIEWS AND NEW BOOKS

### General Works, Theory and Its History

*Elementary Economics.* By CHARLES M. THOMPSON. (Boston: Benjamin H. Sanborn and Company. 1919. Pp. xii, 420. $1.44.)

This is a secondary school text of the more conservative type, following in its general outline the traditional college text and differing from the latter mainly in its brevity, in the introduction of pictorial illustrations, and in the use of a larger number of exercises and problems than is usual in the more advanced text. Its division into parts and its general order of discussion are close to the traditional line of procedure in economics textbooks, though the material in its chapters varies somewhat from the ordinary in the extreme compression of much of the theoretical discussion and the relative elaboration of some of the more practical aspects of economic activity.

The most conspicuous characteristics of the book as a general work on economics are its conservatism in matters of economic theory, occasioned no doubt by the commonly accepted dictum that an elementary text should deal little in controversy, and its frequently careless and sometimes erroneous statements of important economic terms and principles. For example, in introducing his formulation of Gresham's law, the author says: "When coins of two standard metals circulate side by side, the coins which are worth *less*[1] as metal than as money will drive out of circulation the coins which are worth *more*[1] as metal than as money" (p. 215). But what of the familiar case in which gold coins are the "cheap" or "poor" money and their value as money is the same as their value as metal? This is, of course, only a careless statement, but it goes unmodified; and there is nothing in the book to enlighten the student who reads the author's account of the monetary history of the United States between 1834 and 1873 as to how this statement can be made to jibe with the facts. Further, the thoughtful student is likely to have his confusion only increased by the amazing statement on page 224 that, since the silver dollars and the various forms of paper money now in circulation in the United States can all be exchanged "either directly or indirectly for gold" . . . "*because of this significant fact Gresham's*

[1] Thompson's italics.

*law is inoperative;* that is, *there is no good and no poor money.*"[2]

It is unfortunate again, that the author has chosen a questionable point of view in discussing distribution, setting aside taxes paid to government as one share in the distribution of income along with rent, wages, interest, and profits (p. 283 and title heading of chapter 29). There is precedent for this in a short chapter in Francis Walker's *Political Economy* (Advanced Course, ch. 7, pp. 272-278) entitled Two Other Shares in Distribution, in which Walker discusses the amount of the product of industry taken by government and that taken by speculators. Such a treatment of distribution violates consistency in viewpoint. The benefits arising from the functioning of government are, of course, distributed in the same sense as are incomes resulting from land ownership, capital ownership, and labor, and taxes may be looked upon as payment to government for the production of them; but if this is done the individual is to that extent lost to view. Rent, wages, interest, and profits flow into the pockets of some individuals out of the pockets of other individuals. Ultimately taxes also flow into the pockets of other individuals, but they then take the form of rent, interest, wages, or profits, not the form of a distinct income stream. Government operates through the agency of individuals just as natural forces play their part in production through the use of land and the exercise of labor. We do not apportion a special share in distribution to natural forces. Why apportion one to government? In both cases the ultimate recipient of the payment for the benefits received is an individual, paid for the use of his land, his capital, or his labor (including enterpriser's labor). Moreover a government has no net income in the same sense in which other corporations are considered to have none. Rent, interest, wages and profits are individual incomes; taxes are not.

Further, there are few careful thinkers who will agree with the author's repeated and unmodified definition of mercantilism, that it is or was "state regulation of business" (p. 141); though there are probably none who would question that this was a *part* of mercantilism, one of the means by which the nationalistic aims of the mercantilist statesmen were to be realized. Few will accept, in consequence, his unmodified and superficial assertion that the present move toward state regulation of business is a step in the direction of mercantilism (p. 190), if it is the ideals and chief aims of the sixteenth, seventeenth, and eighteenth century mer-

[2] Italics are mine.

cantilists that are in mind. Consideration of the fact that it is the Internationalists of every stripe who are most active in advocacy of government regulation (and ownership) and the most ardent nationalists who are most opposed to it, except in the form of protection, should lead to a more careful description of the present movement than that which adheres to the term in question. The use of this term in this connection is the more unfortunate because it has a tendency to throw against a movement which should be considered upon its own merits and demerits all the discredit which has been attached to mercantilism by more than a century of laissez faire economics.

In its discussion of the protective controversy the book is again decidedly unsatisfatory. The tariff question is always a difficult one to handle where appeal cannot be had to a fairly mature intellect in which political and traditional prejudice can be set aside to some extent. But neither this difficulty nor the necessity for brevity will excuse an account of tariff history in this country which ignores the tariff of 1857 and says of it and of the relation of the great panic of that year to the tariff question only that the tariff of 1846 "with slight modifications . . . remained in force until 1861, when it was superseded by the Morrill act, which bore higher rates made necessary by a treasury deficit" (p. 258), leaving the reader to infer that the deficit was due to the act of 1846, or perhaps to its "slight modifications," and that the act of 1861 was occasioned solely by the existence of the deficit. And to what can be attributed the apparent implication on page 259 that the tariff of 1894 was passed before the outbreak of the panic of 1893, accompanied as the description of this act is by the statement that "the people believed it was largely responsible for the panic of 1893" (p. 260)? There is no question among careful students of this period that the popular notion cited by Thompson is erroneous. Would it not be better to correct it than to give it the additional standing which the passage referred to might accord it?

Considered merely as a textbook, the book lacks in many chapters the careful definition of terms which makes for clear thinking. Further, the topics chosen for discussion are so numerous that compression of material necessitated by the effort to keep the work within the bounds of a useful high school text has left some parts of the book, particularly some of the historical sections, all but unintelligible to any but well informed readers. Examples are

to be found in the outline of the evolution of the existing economic system (pp. 85-88) and the account of mercantilism and laissez faire (pp. 141-143.) These are faults which can be corrected by careful teaching, but is it wise to presuppose such teaching in the present state of high school work in economics?

The book has two pedagogical advantages: one in its fund of concrete illustration and application, which is, however, not evenly distributed so that some difficult parts—for example, the discussion of increasing and diminishing returns—are needlessly abstract, the other in the excellent sets of exercises and problems at the end of each chapter. These are nevertheless not sufficient recommendation, it seems to the reviewer, to offset the damage likely to be wrought by needless and serious inaccuracies and misimplications like those just described, the more as there are at least two books at present largely occupying the field this one is intended to fill which are more careful in their thought and phraseology, at least as well balanced in their selection of topics, and, in the case of one of them, just as concrete in statement and illustration.

Harvey A. Wooster.

*Tufts College.*

## NEW BOOKS

Carver, T. N. *Principles of political economy.* (Boston: Ginn. 1919. Pp. ix, 588. $1.96.)

This is a "book for beginners" and is admirably adapted for use as a first book whether the readers are young or old. It is divided into seven parts: The underlying conditions of national prosperity, Production, Exchange, The distribution of wealth, The consumption of wealth, Public finance, and Reform. Part two is subdivided into two sections: The productive forces, and The productive industries. The discussion of public finance has been reduced to "the general principles of taxation" covered in two chapters, the second of which has to do with the financing of a war.

The introduction, after stating that "the question of national strength is largely an economic one," continues: "It is the purpose of this book to examine the economic foundations of our national strength and to point out some of the more direct methods of improvement, to the end that our democratic nation, and all democratic nations, may grow prosperous and great in all the elements of national greatness." The methods of improvement proposed include: an understanding of the leading principles of political economy by the people of a democracy; education in general; reliance on the old-fashioned virtues, such as thrift and honesty; inculcation of the